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Investors MUTUAL OF CANADA LTD.

Annual Report

1966

Investors MUTUAL OF CANADA LTD.

Board of Directors

T. O. PETERSON,
PRESIDENT AND CHAIRMAN OF THE BOARD, WINNIPEG, MANITOBA.
Chairman of the Board, President and Chief Executive Officer: The Investors Group; Investors Syndicate Limited; *President and Chairman of the Board:* Investors International Mutual Fund Ltd.; Investors Growth Fund of Canada Ltd.; Investors Trust Company; *Director:* Canadian Imperial Bank of Commerce; Western Gypsum Products Ltd.; Beaver Lumber Company Limited; Abitibi Paper Company Ltd.; Anglo American Corporation of Canada Ltd.

C. E. ATCHISON, WINNIPEG, MANITOBA.
Executive Vice-President and General Manager: The Investors Group; Investors Syndicate Limited; *Vice-President and Director:* Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; Investors Trust Company.

PETER D. CURRY, WINNIPEG, MANITOBA.
President: Peter D. Curry & Co. Ltd.; *Chairman:* Greater Winnipeg Gas Company; *Vice-President and Director:* Investors Trust Company; *Director:* The Investors Group; Investors Syndicate Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; The Canadian Indemnity Company; CAE Industries Ltd.

PAUL G. DESMARAIS, MONTREAL, QUEBEC.
President and Director: Provincial Transport Company; Provincial Transport Ltd.; Transportation Management Corp.; Gelco Enterprises Ltd.; *Vice-President and Director:* The Imperial Life Assurance Company of Canada; *Director:* The Investors Group; Investors Syndicate Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; Ciments Lafarge Quebec Limited; Consolidated Paper Corporation Ltd.; Hilton of Canada Limited; Montreal Trust Company.

COURTLAND ELLIOTT, C.B.E.,
TORONTO, ONTARIO.
Director: Investors Growth Fund of Canada Ltd.; The Toronto-Dominion Bank; UNAS Investments Ltd.; North American Life Assurance Company; Canadian Surety Co.; *Advisory Board:* The Royal Trust Company.

C. A. GEOFFRION, Q.C., MONTREAL, QUEBEC.
Vice-President and Director: Corgemines Limitée; *Director:* Investors Growth Fund of Canada Ltd.; The Royal Trust Company; Abitibi Paper Company Ltd.; Canada Steamship Lines Limited; The Great-West Life Assurance Company; Melchers Distilleries Limited; Viau Limitee; Merrill Island Mining Corporation, Ltd.; Alliance Credit Corporation.

R. W. PURCELL, NEW YORK, N.Y.
Chairman of the Board: International Basic Economy Corp.; *Director:* The Investors Group; Investors Syndicate Limited; Investors International Mutual Fund Ltd.; Chemway Corp.; International Minerals & Chemical Corp.; The Bendix Corporation; Seaboard World Airlines Inc.

JAMES A. RICHARDSON,
WINNIPEG, MANITOBA.
Chairman and Chief Executive Officer: James Richardson & Sons, Limited; *Director:* The Investors Group; Investors Syndicate Limited; Investors Growth Fund of Canada Ltd.; Investors International Mutual Fund Ltd.; Hudson's Bay Company; Canadian Imperial Bank of Commerce; The International Nickel Company of Canada Limited; Hudson's Bay Oil & Gas Company Limited; Canadian Pacific Railway.

The Rt. Hon. LOUIS S. ST. LAURENT, P.C., Q.C.
QUEBEC, QUEBEC.
Chairman of the Board: Rothmans of Pall Mall Canada Ltd.; Miron Co. Ltd.; *Director:* Investors International Mutual Fund Ltd.; Investors Growth Fund of Canada Ltd.; The Investors Group; Investors Syndicate Limited; Famous Players Canadian Corp. Ltd.; Industrial Acceptance Corporation Ltd.

S. M. WEDD, TORONTO, ONTARIO.
Director: Investors Growth Fund of Canada Ltd.; International Business Machines Co. Ltd.; National Trust Company Limited; Great Lakes Paper Corp. Ltd.; and other Canadian Companies.

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Annual Report

for the Year Ended October 31, 1966

Investors MUTUAL OF CANADA LTD.

HEAD OFFICE: 280 BROADWAY, WINNIPEG, MAN.

EXECUTIVE OFFICERS

T. O. PETERSON	President and Chairman of the Board
C. E. ATCHISON	Vice-President
J. N. W. BUDD	Vice-President
E. G. O. HOWARD	Secretary
R. H. JONES	Treasurer

INVESTMENT MANAGER

THE INVESTORS GROUP

DISTRIBUTOR

INVESTORS SYNDICATE LIMITED

Investment Objectives

The primary objective of Investors Mutual of Canada is to achieve capital appreciation over the long term.

At the same time the Company seeks to protect the value of investment and enhance shareholders' income. These objectives are pursued through a program of investment in diversified securities, balanced between fixed-income investments and common stocks with better-than-average growth prospects.

Comparative Highlights

Fiscal year ended October 31	1966	1965
Total net assets	$535,392,508	$553,827,340
Number of shareholder accounts	101,677	94,326
Asset value per share	$4.51	$5.05
Dividend paid	$ 16,946,923	$ 14,973,109
Dividend per share	$ .14½	$ .14

Report to the Shareholders

T. O. PETERSON
Chairman of the Board

It gives me pleasure to report to you on behalf of the Board of Directors the operations of your Company during the fiscal year ended October 31, 1966.

The Company passed a notable milestone during the year when the number of shareholder accounts exceeded the 100,000 mark.

Details of the Company's performance will be found further on in this report. However, some outstanding growth features should be emphasized at this point. They are:

- The number of shareholder accounts increased 7.78 per cent, to a record 101,677.
- The dividend per share was increased 3.51 per cent, to a record 14½ c per share.
- Total dividends distributed during the year increased 13.11 per cent, to a new high of $16,946,923.

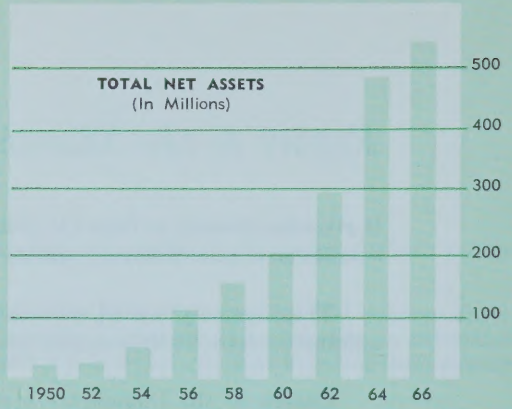
FINANCIAL REVIEW

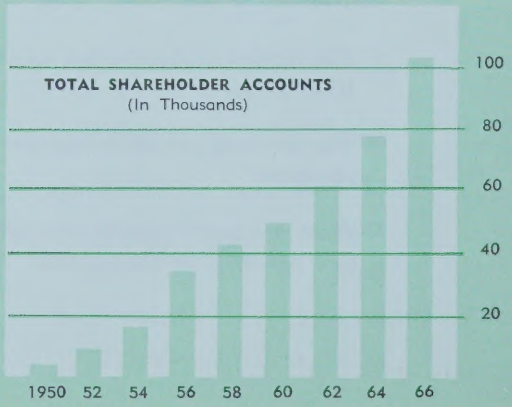
Assets

The total net assets of your Fund stood at $535,392,508 on October 31, 1966. This modest decline from a year ago was due to the downward trend in the prices of securities during the past twelve months.

A significant measure of the underlying strength and public acceptance of your Company is the fact that during the year the number of shareholder accounts reached a record level, increasing from 94,326 in 1965 to 101,677 this year. The number of shares outstanding increased by more than nine-million, to 118,738,407 shares.

The increase in the number of new shareholders and the additional shares purchased by existing shareholders underlines the conviction, shared by your management, that the longer term attraction of investment in equities has not been diminished by the recent temporary setback in share prices.

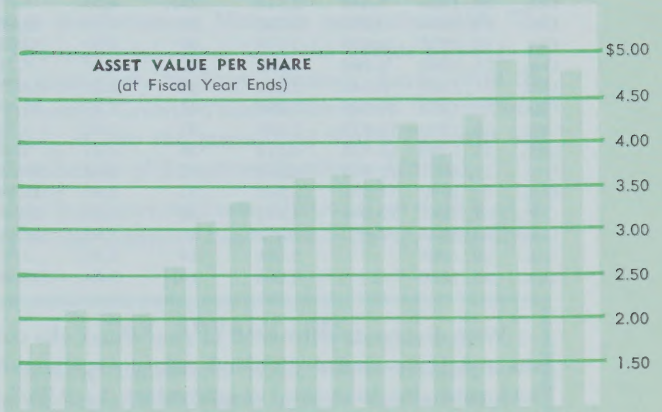




Share Performance

The net asset value per share declined from $5.05 to $4.51 over the past year. This was the first year-to-year decline since 1961-62 and should not be regarded as particularly unusual. The long term record of common stock price movements reveals many instances of intermediate dips although the underlying trend confirms the upward enhancement of share values.

This is vividly illustrated in the following graph and table which show the exact year-by-year performance of a share in Investors Mutual of Canada since its inception in 1950. It will be noted that the base price is the asset value per share at fiscal year ends, adjusted for the 3-for-1 stock split made on February 1, 1965.



PER SHARE	1950	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66
Net Asset Value	1.84	2.17	2.09	2.11	2.55	3.14	3.32	2.98	3.59	3.66	3.57	4.32	3.84	4.35	4.96	5.09	4.56
Dividends	.041	.095	.095	.095	.096	.10	.103	.106	.106	.11	.12	.123	.123	.13	.133	.14	.145

(Adjusted for 3 for 1 Stock-split, February 1, 1965)

	Asset Value	Asset Value on Split Basis	Dividend	% Div. Yield	% Capital Gain	% Total Gain
March 2, 1950	5.024	1.675	(Commencement of Fund)			
Oct. 31, 1950	5.463	1.821	$.12½	2.48	8.73	11.21
Oct. 31, 1951	6.518	2.173	.28½	5.21	19.31	24.52
Oct. 31, 1952	6.274	2.091	.28½	4.37	(-) 3.75	.62
Oct. 30, 1953	6.340	2.113	.28½	4.54	1.05	5.59
Oct. 29, 1954	7.673	2.558	.29	4.57	21.02	25.59
Oct. 31, 1955	9.429	3.143	.30	3.90	22.88	26.78
Oct. 31, 1956	9.968	3.323	.31	3.38	5.71	8.99
Oct. 31, 1957	8.945	2.982	.32	3.21	(-)10.27	(-) 7.06
Oct. 31, 1958	10.786	3.595	.32	3.57	20.58	24.15
Oct. 30, 1959	10.977	3.659	.33	3.05	1.77	4.82
Oct. 31, 1960	10.720	3.573	.36	3.27	(-) 2.35	.92
Oct. 31, 1961	12.959	4.320	.37	3.45	20.88	24.33
Oct. 31, 1962	11.537	3.846	.37	2.85	(-)10.98	(-) 8.13
Oct. 31, 1963	13.054	4.351	.39	3.38	13.14	16.52
Oct. 30, 1964	14.887	4.962	.40	3.06	14.04	17.10
Oct. 29, 1965	. .	5.098	.14	2.82	2.73	5.55
Oct. 31, 1966	. .	4.564	.14½	2.84	(-)10.48	(-) 7.64

With dividends reinvested in your Fund, the cumulative gain and compounded dividend return experienced by the Fund since its inception is equivalent to 9.25% average annual compound growth.

Portfolio Management

In line with your Company's objective of achieving long-term growth, income and protection of investment, the portfolio withstood much of the downward pressure exerted on stock markets during the past fiscal year.

While, as has been noted, the asset value of the Fund declined over this period, the drop was considerably less than that which took place in the widely known common stock price indices in Canada and the United States.

Management utilized new cash flow to build up cash reserves and holdings of fixed income securities prior to the market break in 1966. These reserves were partially used to acquire attractive common stocks at the lower prices which prevailed following the stock market decline.

A complete list of the portfolio held at the fiscal year end can be found on Page 19. It will show a wide diversification of investments in common stocks besides 17.22 per cent of holdings in preferred stocks, which provides additional protection to the portfolio. This compares with 13.7 per cent in preferred stocks at the end of the previous fiscal year.

In line with your Company's policy to concentrate on growth and income prospects, market value holdings were increased during the past year in the sectors of electrical and electronics, office equipment, oil and gas, transportation, and metal, mining and refining.

Portfolio holdings were reduced in the more volatile sectors, such as steel, manufacturing, pipelines, and pulp, paper and lumber.

Metal, mining and refining constituted the largest block of holdings, by industry, representing 11.47 per cent. This sector was followed by public utilities (8.46%), oil and gas (7%) and food and retail (6.18%), office equipment (6.09%) and banks (6.02%).

The largest single company holding in the portfolio is International Nickel Company of Canada, at $16.4 million or 3.06% of total holdings. Other major individual holdings at year's end were Imperial Oil Limited, at $15.4 million or 2.89%; International Business Machines Corporation, $15.3 million or 2.87%; Moore Corporation, at $12.1 million or 2.28%, and Canadian Imperial Bank of Commerce, at $11.4 million, or 2.13%. Other big holdings were in MacMillan Bloedel, Dominion Foundries & Steel Ltd. and Consumers' Gas Company.

Investment Services

Investment management of the assets of your Company is provided by The Investors Group, which has under its administration net assets totalling over $1.2 billion.

There are a number of other special services and concessions available to shareholders of Investors Mutual of Canada.

An area that has proved attractive is the use of the Fund as an investment medium for Registered Retirement Savings Plans. Up to 20 per cent of a Canadian taxpayer's earned income, with an annual maximum of $2,500, may be exempt from tax when paid into a Registered Retirement Savings Plan by persons who are not members of an employer-sponsored pension plan. A member of an employer-sponsored pension plan can deduct his contributions to both the pension plan and a Registered Retirement Savings Plan, to the extent that the combined contributions do not exceed either 20 per cent of his earned income or $1,500.

Through the Investors Mutual's association with The Investors Group, shareholders have the unique privilege of transferring their share holdings—without charge—into the shares of Investors Growth Fund or Investors International Mutual Fund, or into the guaranteed Single Payment and Annuity Certificates of Investors Syndicate Limited.

Full details concerning these additional services may be obtained from the Company head office or its representatives.

TAX ADVANTAGES

Under existing legislation, shareholders residing in Canada who receive dividends from Investors Mutual of Canada Ltd. are entitled to an income tax credit of 20% of the amount of dividends received in accordance with Section 38 of the Income Tax Act. Such credits are deducted from the tax payable.

Dividends received by Canadian corporations from Investors Mutual are tax free. Many Canadian corporations enjoy this advantage by virtue of their substantial holdings of Investors Mutual shares.

Economic Review

The past year has been a contradictory one. On the one hand the economies of Canada and the United States have enjoyed almost unprecedented growth; on the other, pessimism over future prospects has permeated the securities markets.

This country ended 1965 on a strong note and during the first quarter economic activity accelerated to an unsustainable pace. Since that time there has been a reduction in these overheating tendencies due to a combination of natural factors and the prompt restraining action taken by government during the spring months.

The pause experienced during the past summer and fall has been beneficial to the Canadian economy. The base has been established from which a new phase of growth can be anticipated. However, a judicious mixture of government, business and labour policies is essential if future growth is to be realized.

The restraining policies invoked by government have proven successful but care must be taken that such policies do not outlive their usefulness. The changed condition of the Canadian economy since the introduction of these policies would seem to suggest that some moderation is now called for.

The imperative need for price and cost stability poses a formidable challenge to labour and business leaders. Conditions of near full employment have resulted in intensified demands by organized labour for a larger proportion of the profits of industry and commerce. Such demands are justified when matched by increased productivity. Some wage settlements, however, have been unduly high and self-restraint will be required if Canada is to maintain its competitive price structure in world trade markets.

The downward movement in common stock prices reflects the recognition of the economic problems which we have discussed. What is not entirely clear is the extent to which focussing on these uncertainties has been at the expense of a realistic evaluation of the underlying strengths in our economy. The rich endowment of plentiful natural resources, a growing technology, increasing educational attainment of the labour force and, above all, the good sense of the individual Canadian, may be expected to assert itself in continued progress in all aspects of life in this country.

Your Company's policy of a balanced approach to investment has been, and continues to be, a sound policy. It is with considerable confidence that the shareholders may look forward to the long term enhancement of their investment.

Chairman of the Board

Auditors' Report to the Shareholders

(Under the provisions of the Canada Corporations Act)

We have examined the balance sheet of Investors Mutual of Canada Ltd. as at October 31, 1966 and the statements of net income from investments, unrealized appreciation of investments, premium on shares and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of net income from investments, unrealized appreciation of investments, premium on shares and earned surplus present fairly the financial position of the company as at October 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
Deloitte, Plender, Haskins & Sells
Chartered Accountants

Winnipeg, Manitoba,
December 2, 1966.

Investors MUTUAL OF CANADA LTD.

(Incorporated under the Canada Corporations Act)

	1966	1965
Investments in securities—at market value:		
Canadian Government and Canadian Government guaranteed bonds	$ 7,552,588	$ 10,614,938
Provincial and Provincial guaranteed bonds	18,297,515	27,811,636
Canadian corporation bonds and notes	11,742,808	13,941,064
United States corporation bonds and notes	548,910	1,202,950
Canadian preferred stocks	91,352,159	75,760,302
United States preferred stocks	836,957	—
Canadian common stocks	292,917,368	324,706,608
United States and other foreign common stocks	103,028,409	92,749,696
	526,276,714	546,787,194
The cost of the investments in securities as at October 31, 1966 was $474,918,162 (1965—$424,870,804)		
Current assets:		
Cash on deposit and in transit	4,819,423	7,300,243
Demand notes—at market value	9,278,288	7,200,000
Accrued interest and dividends receivable	1,610,797	1,809,733
Due from brokers	523,509	—
	16,232,017	16,309,976
	$542,508,731	$563,097,170

Liabilities

	1966	1965
Current liabilities:		
Payable to brokers	$ 145,847	$ 3,044,071
Dividend payable	6,530,684	5,482,702
Accounts payable and accrued charges	208,020	260,849
Income taxes payable	231,672	482,208
	7,116,223	9,269,830
Shareholders' equity:		
Common shares—authorized and issued 3,000 shares of 33⅓c par value	1,000	1,000
Special shares of 33⅓c par value:		

	Shares—1966	Shares—1965		
Authorized (Note)	360,000,000.000	180,000,000.000		
Redeemed	60,509,501.010	51,054,705.701		
	299,490,498.990	128,945,294.299		
Outstanding	118,738,407.320	109,647,033.852	39,579,469	36,549,011
Premiums received on shares issued less premiums paid on shares redeemed			411,505,818	368,919,209
Earned surplus			32,932,225	26,442,067
Unrealized appreciation of investments			51,373,996	121,916,053
			535,392,508	553,827,340
			$542,508,731	$563,097,170

NOTE:
During the year the Company obtained Supplementary Letters Patent authorizing an additional 180,000,000 special shares of 33⅓c par value per share.

Approved on behalf of the Board

Peterson
Director

R. R. Hutchison
Director

Investors MUTUAL OF CANADA LTD.

Statement of Net Income from Investments

	Year Ended October 31 1966	1965
Income:		
Dividends	$ 17,658,257	$ 14,402,170
Interest	2,913,387	3,681,220
Proceeds of sale of stock subscription rights	69,808	26,633
	20,641,452	18,110,023
Expenses:		
Management fees	2,848,388	2,656,902
Custodian fees	54,160	48,135
Directors' fees	14,203	12,782
Audit fees	3,000	2,000
Printing, postage and stationery	56,048	44,777
Miscellaneous	3,028	3,383
	2,978,827	2,767,979
Income before provision for income taxes	17,662,625	15,342,044
Provision for income taxes	990,875	1,133,928
Net income from investments (excluding profits and losses realized on sale of investments)	$ 16,671,750	$ 14,208,116

Statement of Earned Surplus

Balance available for distribution at beginning of year	$ 26,442,067	$ 15,422,287
Transfer from premium on shares to equalize the equity per share in the amount available for dividends in respect of special shares sold and redeemed during the year	212,774	215,132
Profit realized on sale of investments	6,552,557	11,569,641
Net income from investments	16,671,750	14,208,116
Total available for distribution	49,879,148	41,415,176
Dividends declared	16,946,923	14,973,109
Balance available for distribution at end of year	$ 32,932,225	$ 26,442,067

Statement of Premium on Shares

	Year Ended October 31	
	1966	1965
Balance at beginning of year	$368,919,209	$311,088,809
ADD:		
Proceeds of sale of 18,546,168.777 (1965 - 24,914,099.210) special shares of capital stock less 33⅓c per share credited to capital stock	91,598,797	124,337,928
	460,518,006	435,426,737
DEDUCT:		
Redemption value of 9,454,795.309 (1965 - 12,789,328.793) special shares redeemed less 33⅓c per share charged to capital stock	43,486,747	58,931,764
Commission paid on sale of shares	5,312,667	7,360,632
Transfer to earned surplus to equalize the equity per share in the amount available for dividends in respect of special shares sold and redeemed during the year	212,774	215,132
	49,012,188	66,507,528
Balance at end of year	$411,505,818	$368,919,209

Statement of Unrealized Appreciation of Investments

Balance at beginning of year	$121,916,053	$120,694,030
Unrealized appreciation (depreciation) for the year	(70,542,057)	1,222,023
Balance at end of year	$ 51,373,996	$121,916,053

Record of a Continuous Investment Program

Dollar Cost Averaging

Dollar-cost averaging is the name given to purchasing shares on a regular, systematic basis. When market dips occur, this system can be particularly profitable to shareholders. The dollar-cost averaging advantages are especially noticeable when dividends are re-invested, as shown in the illustrations on this page and the facing page. A booklet dealing with the subject is available from the company.

$1,000 INITIAL INVESTMENT — $100 PER MONTH

Investors Mutual shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed initial investment of $1,000 on March 1, 1950, and subsequent investment of $100 per month with dividends re-invested in shares.

Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares
1950	$1,900	$ 35.63	348.765	348.765
1951	1,200	126.01	197.718	546.483
1952	1,200	181.80	204.761	751.244
1953	1,200	240.98	213.114	964.358
1954	1,200	306.21	195.993	1,160.351
1955	1,200	370.95	162.854	1,323.205
1956	1,200	431.87	152.033	1,475.238
1957	1,200	495.14	162.952	1,638.190
1958	1,200	548.05	166.735	1,804.925
1959	1,200	617.08	151.210	1,956.135
1960	1,200	731.06	172.023	2,128.158
1961	1,200	812.43	154.365	2,282.523
1962	1,200	869.34	163.496	2,446.019
1963	1,200	981.85	164.562	2,610.581
1964	1,200	1,071.84	155.602	2,766.183
	Adjusted for 3 to 1 stock split			8,298.549
1965	1,200	1,189.90	462.076	8,760.625
1966	1,000	799.73	349.776	9,110.401

VALUATION OF ACCOUNT AT OCTOBER 31, 1966

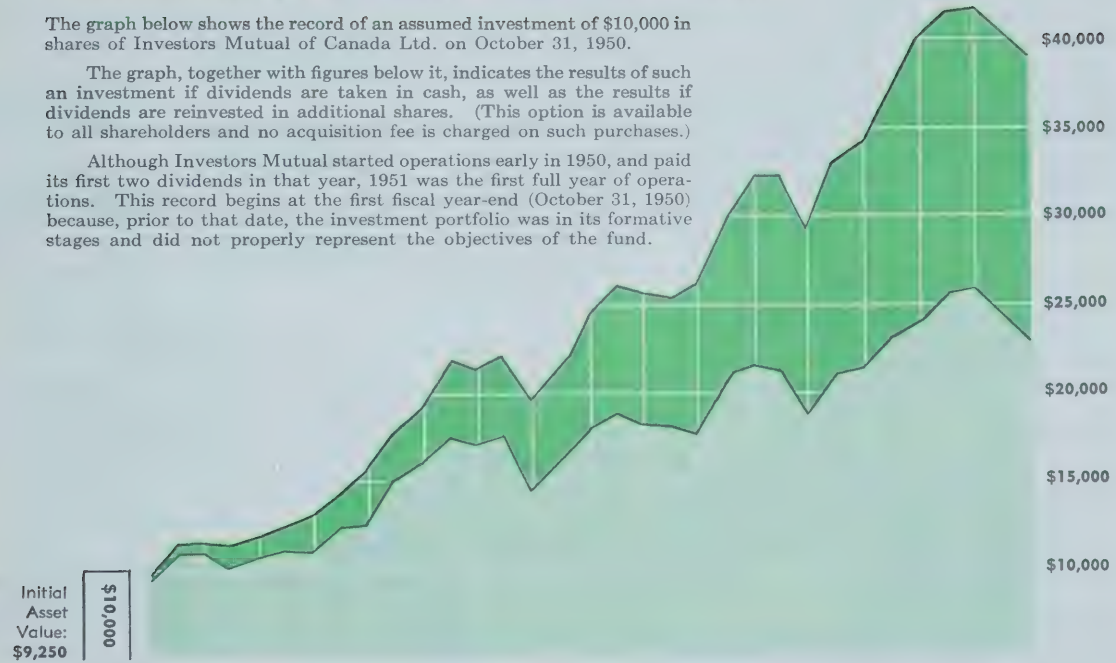
Redemption value 9,110 shares	x $ 4.564	$41,579.87
Original Investment	$ 1,000	
Monthly Purchases	19,900	20,900.00
Total net gain		20,679.87
Re-invested Dividends		9,809.87
Capital gain in 200-month period		$10,870.00

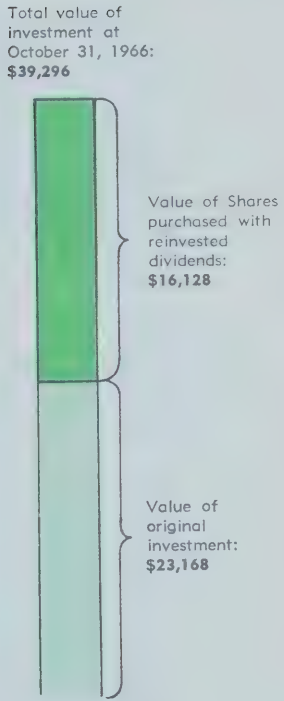
Illustration of a Lump-Sum Investment

The graph below shows the record of an assumed investment of $10,000 in shares of Investors Mutual of Canada Ltd. on October 31, 1950.

The graph, together with figures below it, indicates the results of such an investment if dividends are taken in cash, as well as the results if dividends are reinvested in additional shares. (This option is available to all shareholders and no acquisition fee is charged on such purchases.)

Although Investors Mutual started operations early in 1950, and paid its first two dividends in that year, 1951 was the first full year of operations. This record begins at the first fiscal year-end (October 31, 1950) because, prior to that date, the investment portfolio was in its formative stages and did not properly represent the objectives of the fund.





	OCT. '52	OCT. '54	OCT. '56	OCT. '58	OCT. '60	OCT. '62	OCT. '64	OCT. '66
Value of original investment	$10,479	12,824	16,654	18,069	17,898	19,265	24,836	23,168
Value of shares purchased with reinvested dividends	$ 997	2,471	4,512	6,430	7,968	10,311	15,632	16,128*
TOTAL VALUE	$11,476	15,295	21,166	24,499	25,866	29,576	40,468	39,296*

*** Total dividends if taken in cash and not reinvested — $9,255**

Benefits and Services to Shareholders of Investors Mutual

Shareholders of Investors Mutual have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to place emphasis on the development of such services to meet the needs and convenience of the clients whom it serves. Among the services and privileges extended to you as a shareholder are the following:

FREE RE-INVESTMENT OF DIVIDENDS

Dividends from investment income are automatically re-invested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an additional growth factor.

REDUCED SALES CHARGE

The purchase amounts of all of your investments in mutual funds managed by The Investors Group are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objective changes, you may transfer, without charge, your entire account or part of it to shares of one of the other mutual funds managed by The Investors Group. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into a guaranteed Single Payment Certificate of Investors Syndicate Limited.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any unapplied balance.

TAX-DEDUCTIBLE RETIREMENT PLANS

The Income Tax Act provides that shareholders of Investors Mutual may purchase shares of the Fund and "register" them to qualify for tax deductions under certain conditions. If you would like to build up an annuity fund or supplement your existing pension plan, we will be pleased to supply you with complete information.

SYSTEMATIC ACCUMULATION PLANS

Amounts as low as $15.00 a month may be invested in plans having ten, fifteen or twenty-year maturities. These plans provide a desirable method of accumulating money for specific purposes. Optional low-cost insurance coverage may be purchased with these plans.

PROMPT REDEMPTION

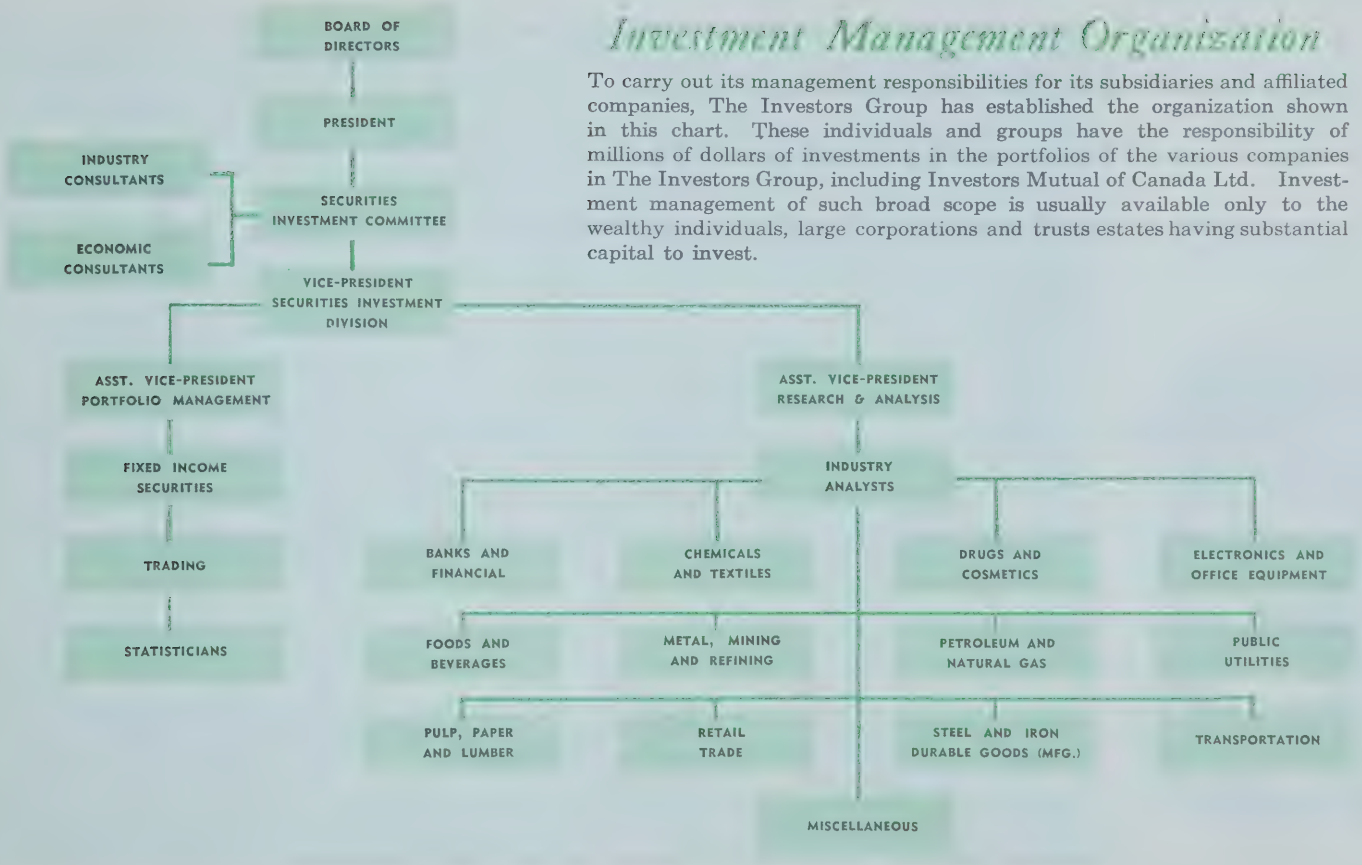
Investors Mutual agrees to redeem any or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request.

STATEMENT OF ACCOUNTS

You will receive an annual statement of account covering all transactions for the year. In addition, you will receive annual and quarterly reports to keep you informed of Fund activities.

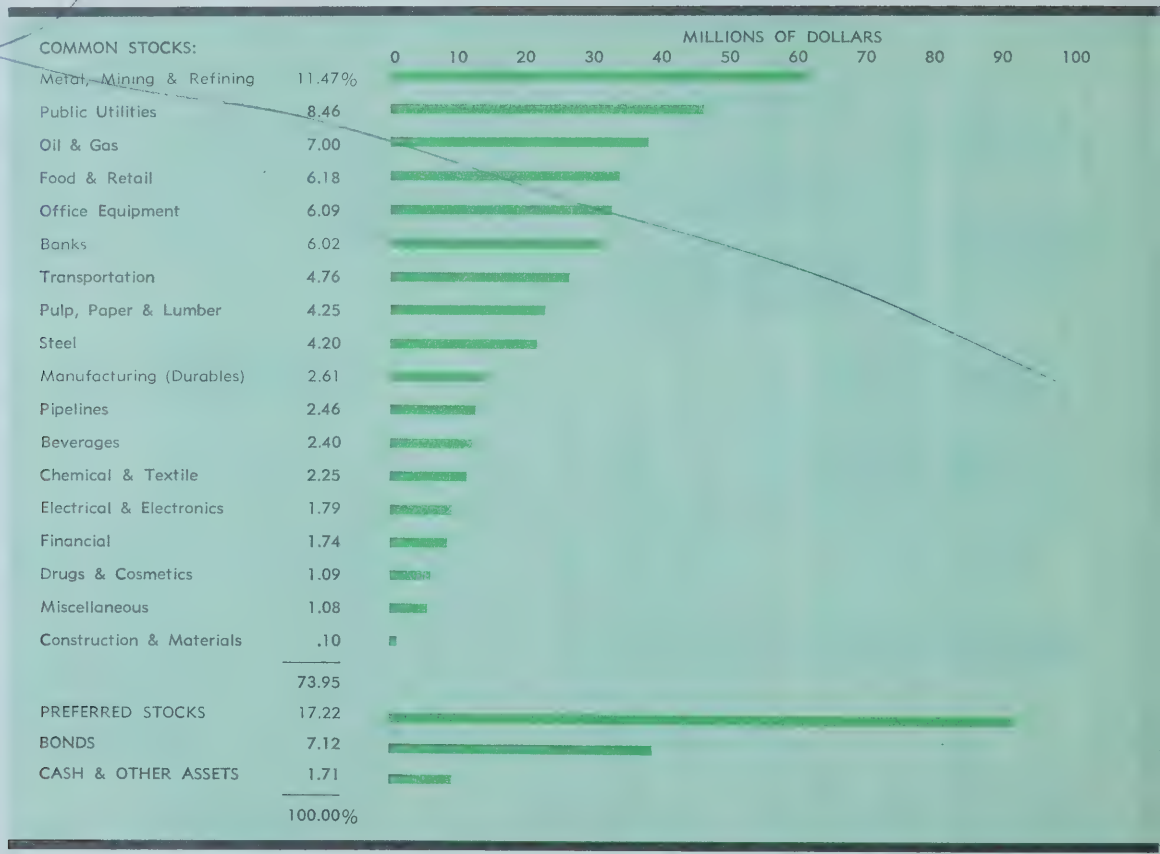
Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of millions of dollars of investments in the portfolios of the various companies in The Investors Group, including Investors Mutual of Canada Ltd. Investment management of such broad scope is usually available only to the wealthy individuals, large corporations and trusts estates having substantial capital to invest.



Diversification of Assets

OCTOBER 31, 1966



COMMON STOCKS:	
Metal, Mining & Refining	11.47%
Public Utilities	8.46
Oil & Gas	7.00
Food & Retail	6.18
Office Equipment	6.09
Banks	6.02
Transportation	4.76
Pulp, Paper & Lumber	4.25
Steel	4.20
Manufacturing (Durables)	2.61
Pipelines	2.46
Beverages	2.40
Chemical & Textile	2.25
Electrical & Electronics	1.79
Financial	1.74
Drugs & Cosmetics	1.09
Miscellaneous	1.08
Construction & Materials	.10
	73.95
PREFERRED STOCKS	17.22
BONDS	7.12
CASH & OTHER ASSETS	1.71
	100.00%

Investment in Securities — October 31, 1966

Common Stocks (73.95%)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
BANKS (6.02%)			
Bank of Montreal	83,178	$ 4,512,407	$ 8.42
The Bank of Nova Scotia	48,861	3,108,781	5.80
Banque Canadienne Nationale	29,524	1,575,844	2.95
Canadian Imperial Bank of Commerce	195,730	11,401,273	21.29
The Royal Bank of Canada	117,617	8,042,062	15.03
The Toronto-Dominion Bank	63,475	3,594,272	6.71
		32,234,639	60.20
BEVERAGES (2.40%)			
Canadian Breweries Limited	249,410	1,652,341	3.08
Distillers Corporation-Seagrams Limited	165,700	5,157,413	9.63
John Labatt Limited	36,083	613,411	1.14
Molson Breweries Limited Class "A"	107,588	1,882,790	3.51
Molson Breweries Limited Class "B"	608	10,868	.02
Hiram Walker-Gooderham & Worts Limited	126,060	3,513,923	6.56
		12,830,746	23.94
CHEMICAL and TEXTILE (2.25%)			
*Burlington Industries, Inc.	75,800	2,169,396	4.05
*Celanese Corporation of America	50,262	2,442,733	4.55
Dominion Textile Company Limited	100,000	2,662,500	4.97
Du Pont of Canada Limited	119,675	4,218,544	7.87
Union Carbide Canada Limited	25,800	567,600	1.06
		12,060,773	22.50

Common Stocks (Continued)

	Shares	Market Value	Portfolio Distribution Per $1,000
CONSTRUCTION and MATERIALS (.10%)			
Canada Cement Company, Limited	15,385	$ 538,475	$ 1.00
DRUGS and COSMETICS (1.09%)			
*Bristol-Myers Company	30,000	1,563,300	2.93
*Revlon Inc.	40,000	1,684,800	3.15
*Warner-Lambert Pharmaceutical Company	65,200	2,587,788	4.82
		5,835,888	10.90
ELECTRICAL and ELECTRONIC (1.79%)			
*Litton Industries, Inc.	80,436.875	5,852,926	10.92
*Sperry Rand Corporation	150,000	3,746,250	6.99
		9,599,176	17.91
FINANCIAL (1.74%)			
Industrial Acceptance Corporation Limited	318,585	6,929,224	12.94
*Investors Diversified Services, Inc. "A"	77,400	2,371,923	4.43
		9,301,147	17.37

Common Stocks (Continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
FOOD and RETAIL (6.18%)			
Beaver Lumber Company	27,300	$ 819,000	$ 1.53
Canada Packers Limited Class "A"	2,800	204,050	.38
Canada Packers Limited Class "B"	10,850	782,556	1.46
Dominion Stores Limited	359,135	6,464,430	12.07
*S. S. Kresge Company	95,800	4,138,560	7.73
Loblaw Companies Limited Class "A"	101,620	889,175	1.66
Loblaw Companies Limited Class "B"	28,180	246,575	.46
Oshawa Wholesale Limited	90,000	2,092,500	3.90
Simpsons Limited	103,140	3,016,845	5.63
Steinberg's Limited Series "A"	280,700	5,263,125	9.83
George Weston Limited Class "A"	193,300	3,189,450	5.95
George Weston Limited Class "B"	95,625	1,769,063	3.30
Woodward Stores (1947) Limited "A"	51,975	1,273,388	2.37
Zeller's Limited	121,700	2,920,800	5.45
		33,069,517	61.72
MANUFACTURING (Durables) 2.61%)			
*Caterpillar Tractor	10,400	393,120	.73
*Chrysler Corporation	54,000	1,990,170	3.72
*General Motors Corporation	81,950	6,494,128	12.13
Massey-Ferguson Limited	217,710	5,088,971	9.50
		13,966,389	26.08

Common Stocks (Continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
METAL, MINING and REFINING (11.47%)			
Alcan Aluminum Limited	241,832	$ 7,164,273	$ 13.38
Anglo-American Corporation of Canada Ltd.	546,239	5,462,390	10.20
Denison Mines Limited	59,500	3,837,750	7.17
Falconbridge Nickel Mines, Limited	88,925	7,647,550	14.23
*Freeport Sulphur Company	56,000	2,071,440	3.87
*International Minerals & Chemicals Corporation	57,700	3,598,749	6.73
The International Nickel Company of Canada, Limited	188,330	16,408,251	30.62
Leitch Gold Mines Ltd.	20,000	118,000	.22
McIntyre Porcupine Mines Limited	20,575	1,990,631	3.71
Noranda Mines Limited	209,653	9,853,691	18.41
*Texas Gulf Sulphur Company, Incorporated	40,000	3,277,800	6.12
		61,430,525	114.66
MISCELLANEOUS (1.08%)			
Imperial Tobacco Company of Canada, Limited	23,260	314,010	.59
Investors International Mutual Fund Ltd.	548,188.344	2,864,284	5.34
*Polaroid Corporation	18,000	2,617,110	4.88
		5,795,404	10.81
OFFICE EQUIPMENT (6.09%)			
*International Business Machines Corporation	42,838	15,359,993	28.69
Moore Corporation, Limited	150,320	12,194,710	22.78
*Xerox Corporation	29,000	5,073,840	9.45
		32,628,543	60.92

Common Stocks (Continued)

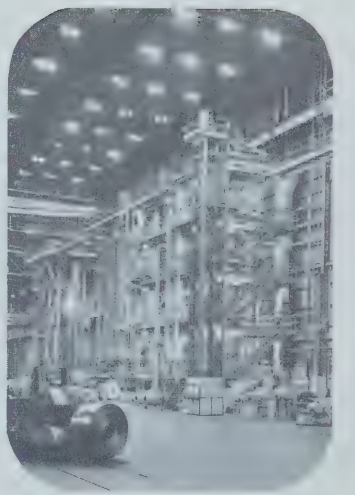
	No. of Shares	Market Value	Portfolio Distribution Per $1,000
OIL and GAS (7.00%)			
*Atlantic Richfield	32,100	$ 2,981,448	$ 5.57
The British American Oil Company Limited	219,400	6,746,550	12.60
Imperial Oil Limited	283,672	15,495,583	28.94
Shell Canada Limited Class "A"	109,600	2,342,700	4.38
*Shell Oil Company	25,700	1,800,671	3.36
*Standard Oil Company (Indiana)	68,000	3,910,680	7.30
Texaco Canada Limited	69,510	4,187,978	7.82
		37,465,610	69.97
PIPELINES (2.46%)			
The Alberta Gas Trunk Line Company Limited Class "A" Share Purchase Warrants	79,000	545,100	1.01
The Alberta Gas Trunk Line Company Limited Class "A"	61,580	1,878,190	3.50
Interprovincial Pipe Lines Company	86,900	7,104,075	13.27
*Panhandle Eastern Pipeline Company	37,164	1,394,765	2.61
Westcoast Transmission Company Limited	85,000	2,263,125	4.22
		13,185,255	24.61
PUBLIC UTILITIES (8.46%)			
The Bell Telephone Company of Canada	128,076	5,971,544	11.15
British Columbia Telephone Company	80,143	4,808,580	8.99
Calgary Power Ltd.	292,800	6,295,200	11.75
The Consumers' Gas Company	735,216	10,293,024	19.23
*General Telephone & Electronics Corporation	129,200	6,191,910	11.57
Northern & Central Gas Co., Limited	232,550	2,965,013	5.53
Union Gas Company of Canada, Limited	843,255	8,748,771	16.34
		45,274,042	84.56

Common Stocks (Continued)

	Shares	Value	Per $1,000
PULP, PAPER and LUMBER (4.25%)			
Abitibi Paper Company Ltd.	368,530	$ 3,961,698	$ 7.39
Consolidated Paper Corporation Limited	64,525	2,387,425	4.42
Domtar Limited	174,571	2,880,422	5.34
Fraser Companies, Limited	20,690	475,870	.88
The Great Lakes Paper Company, Limited	73,300	1,612,600	3.01
MacMillan, Bloedel and Powell River Limited	446,796	11,449,148	21.47
		22,767,163	42.51
STEEL (4.20%)			
The Algoma Steel Corporation, Limited	158,710	3,769,363	7.04
Dominion Foundries and Steel Limited	509,552	10,573,204	19.74
The Steel Company of Canada, Limited	372,229	8,142,509	15.21
		22,485,076	41.99
TRANSPORTATION (4.76%)			
Canadian Pacific Railway Company	116,000	6,162,500	11.51
*Delta Airlines, Inc.	51,200	5,363,712	10.00
*Eastern Airlines, Inc.	30,000	1,830,600	3.42
*National Air Lines, Inc.	31,800	2,228,067	4.17
*Northwest Airlines, Inc.	72,400	7,037,280	13.14
*Trans World Airlines, Inc.	45,000	2,855,250	5.33
		25,477,409	47.58
TOTAL COMMON STOCKS		$395,945,777	$739.50

Preferred Stocks (17.22%)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Aluminum Company of Canada, Limited			
4½ % Cum. Red. S.F. 2nd Pfd. $50 p.v.	39,100	$ 1,603,100	$ 2.99
Alcan Aluminum Limited			
4¼ % Cum. Red. Conv. $40 p.v.	75,300	2,748,450	5.13
Anglo-Canadian Telephone Company			
$2.65 Cum. $50 p.v.	20,000	900,000	1.69
The Anthes-Imperial Company Limited			
5½ % Series "A" 1st Pfd. Cum. Red. $100 p.v.	6,210	639,630	1.19
Argus Corporation Limited			
Class "A" $2.60 Cum. Red. $50 p.v.	71,000	3,390,250	6.33
Bathurst Power & Paper Company Limited			
Class "A" $2.50 Conv. Red. n.p.v.	9,505	541,785	1.01
British Columbia Telephone Company			
4¾ % Cum. Red. $100 p.v.	25	2,038	.00
4.84 % Cum. Red. $25 p.v.	232,500	4,911,563	9.18
5.15 % Cum. Red. $100 p.v.	29,815	2,787,703	5.21
5¾ % Cum. Red. $100 p.v.	9,260	916,740	1.71
6 % 2nd Pfd. $100 p.v.	385	39,655	.08
Canadian & Foreign Securities Co. Limited			
Series "A" $2.50 Cum. Red. $50 p.v.	50,000	2,500,000	4.67
Canadian Breweries Limited			
Series "B" $2.65 Cum. Red. $50 p.v.	121,995	5,306,783	9.92



Preferred Stocks (Continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Canadian Pacific Railway Company			
4% Non-Cum. 1st Preference 1 pound p.v.	1,350,000	$ 2,295,000	$ 4.28
Chemcell (1963) Limited			
$1.75 Cum. Red. $25 p.v.	22,773	694,577	1.29
The Consumers' Gas Company			
5½% Series "A" Cum. $100 p.v.	7,420	742,000	1.38
5½% Series "B" Cum. $100 p.v.	15,950	1,654,813	3.10
5% Series "C" Cum. Red. $100 p.v.	10,000	1,000,000	1.86
Debhold (Canada) Limited			
6¼% Cum. Red. Series "B" $100 p.v.	2,500	246,250	.46
6% Cum. Red. 1st Pfd. Series "A" $100 p.v.	47,000	4,700,000	8.78
Domtar Limited			
$1.00 Cum. Red. $23.50 p.v.	12,520	242,575	.46
Economic Investment Trust Limited			
5% Series "A" Cum. Red. $50 p.v.	26,300	1,147,338	2.14
FPE-Pioneer Electric Limited			
5½% Series "A" $50 p.v.	7,224	487,620	.92
Industrial Acceptance Corporation Limited			
4½% Cum. Red. $100 p.v.	17,230	1,464,550	2.73
5¾% Cum. Red. $25 p.v.	415,480	9,348,300	17.46
Inter-City Gas Limited			
Series "A" 5¼% $20 p.v.	70,000	1,386,000	2.59

Preferred Stocks (Continued)

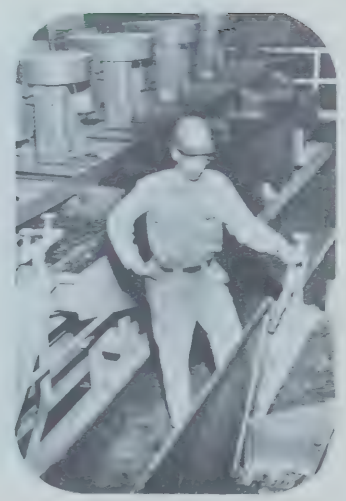
	Shares	Value	Per $1,000
*Litton Industries Inc.			
3% Conv. Preference Stock—Part. Series $2.50 p.v.	11,211	$ 836,957	$ 1.57
Loblaw Groceterias Co., Limited			
Series "A" $1.50 Cum. Red. 1st Pfd. $30 p.v.	77,250	2,085,750	3.89
Series "B" $1.60 Cum. Red. 1st Pfd. $30 p.v.	225	6,384	.00
M. Loeb Limited			
5¾ % Cum. Red. Conv. Pfd. Series "A" $50 p.v.	48,000	2,400,000	4.49
Northern and Central Gas Company Limited			
$2.60 Cum. Red. 1st Preference 1965 Series $50 p.v.	15,000	705,000	1.32
Northwestern Utilies, Limited			
4% Cum. $100 p.v.	5,800	446,600	.83
Nova Scotia Light and Power Company, Limited			
5% Cum. Red. $50 p.v.	5,000	247,500	.47
Power Corporation of Canada Limited			
1965 Series 4¾ % Cum. Red. $50 p.v.	214,000	8,667,000	16.18
Quebec Telephone			
5% 1955 Series Cum. Red. $20 p.v.	14,500	235,625	.45
5% 1956 Series Cum. Red. $20 p.v.	8,600	155,875	.30
4¾ % 1965 Series Cum. Red. $20 p.v.	90,500	1,448,000	2.70
Royalite Oil Company Limited			
5¼ % 1st Series Cum. Red. $25 p.v.	50,000	1,181,250	2.20
St. Lawrence Corporation Limited			
5% Series "A" Cum. Red. $100 p.v.	9,980	923,150	1.72

Preferred Stocks (Continued)

	No. of Shares	Market Value	Portfolio Distribution Per $1,000
Shell Investments Limited			
1st Preference $1.10 per annum Cum. Red. Conv. $20 p.v.	41,025	$ 1,056,394	$ 1.97
Steinberg's Limited			
5¼ % Series "A" Cum. Red. $100 p.v.	13,140	1,289,363	2.40
Third Canadian General Investment Trust Limited			
$2.50 Series "A" Cum. Red. 1st Pfd. $50 p.v.	23,450	1,023,006	1.92
Toronto and London Investment Company Ltd.			
Series "A" $2.50 Cum. Red. $50 p.v.	54,000	2,700,000	5.04
Union Gas Company of Canada Limited			
5½ % Series "A" Cum. Red. $50 p.v.	38,450	1,960,950	3.66
5 % Series "C" Cum. Red. $50 p.v.	45,000	2,441,250	4.55
United Corporations Limited			
Class "A" $1.50 Cum. Red. n.p.v.	6,720	182,280	.34
5 % 1963 Series Cum. Red. $30 p.v.	49,825	1,363,959	2.54
Victoria & Grey Trust Company Limited			
Series "A" 5.35 % Cum. Red. $50 p.v.	60,000	2,280,000	5.27
Weldwood of Canada Ltd.			
5¼ % Cum. Red. $20 p.v.	250,000	4,906,250	9.17
George Weston Limited			
4½ % 1st Series Cum. Red. $100 p.v.	2,460	216,480	.41
6 % 2nd Series Cum. Red. $100 p.v.	7,250	750,375	1.41
Zeller's Limited			
4½ % Cum. Red. S.F. $50 p.v.	9,790	442,998	.82
TOTAL PREFERRED STOCKS		$ 92,189,116	$172.19

Bonds (7.20%)

	Face Amount	Market Value	Portfolio Distribution Per $1,000
GOVERNMENT OF CANADA (1.41%)			
5% 10-1-68	$1,175,000	$ 1,163,838	$ 2.17
5% 6-1-71	1,000,000	971,250	1.81
Canadian National Railway Company			
5½% 12-15-71	5,500,000	5,417,500	10.12
		7,552,588	14.11
PROVINCIAL AND PROVINCIAL GUARANTEED BONDS (3.42%)			
British Columbia Electric Company Limited			
4% 8-1-86	100,000	73,000	.14
4¾% Series Ad. 8-1-86	226,000	184,190	.34
Province of New Brunswick			
4¼% 2-15-69	650,000	617,500	1.15
4½% 7-15-69	565,000	535,338	.99
4½% 10-15-71	250,000	228,125	.44
Province of Ontario			
5¼% 12-1-80-84	2,500,000	2,250,000	4.20
5¼% 4-15-81-85	935,000	841,500	1.58

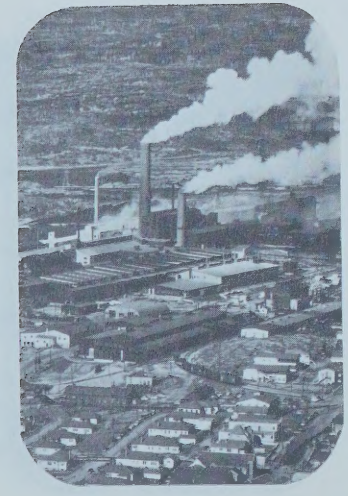


Bonds (Continued)

			Portfolio
The Hydro-Electric Power Commission of Ontario			
5% 6-15-83	$ 300,000	$ 264,000	$ .49
5¼ % 2-1-84	1,000,000	900,000	1.68
5¼ % 10-1-84	2,000,000	1,800,000	3.36
5¼ % 2-1-81-85	1,000,000	900,000	1.68
Province of Quebec			
4¾ % 8-1-67	350,000	344,750	.64
5% S.F. Debs. Non-Red. 4-2-72	450,000	412,875	.78
5¼ % 8-15-68	150,000	146,250	.27
5½ % 6-15-84-86	1,000,000	862,500	1.62
5½ % 1-15-86-89	2,075,000	1,776,719	3.31
5½ % 4-1-90	1,600,000	1,366,000	2.55
Quebec Hydro-Electric Commission			
4% 5-1-73	1,000,000	855,000	1.59
4½ % 5-1-73	556,500	489,720	.91
5% 5-1-73	383,000	347,573	.64
5½ % 5-1-73	182,500	169,725	.32
5% 11-1-80	250,000	211,250	.39
5½ % 6-1-86-88	2,000,000	1,715,000	3.20
5¾ % 10-1-84	500,000	447,500	83
5½ % 2-15-87	650,000	559,000	1.04
		18,297,515	34.15

OTHER BONDS (2.29%)

	Face Amount	Market Value	Portfolio Distribution Per $1,000
Abitibi Paper Company Ltd. 4¼ % S.F. Debs. 7-15-74	$ 320,000	$ 296,000	$ .55
The Avalon Telephone Company, Limited 5½ % 1st Mtge. S.F. Debs. 5-15-77	200,000	180,000	.33
The Bank of Nova Scotia 5% Term Notes 3-10-67	1,000,000	990,000	1.84
The Bell Telephone Company of Canada 4% 1st Mtge. 12-1-70	1,175,000	1,078,063	2.01
BP Refinery Canada Limited 5¾ % "A" S.F. Debs. 10-1-86	210,000	184,275	.34
The Dominion Realty Company Limited 4½ % 1st Mtge. Series "A" 4-1-68	636,000	578,760	1.08
The T. Eaton Acceptance Co., Limited 5¾ % S.F. Debs. 5-1-85	750,000	671,250	1.25
Export Finance Corporation of Canada Limited 3¾ % Fixed Term Note 1-17-68	2,200,000	2,123,000	3.96
Hudson's Bay Company Properties Limited Series "A" 1st Mtge. 5¾ % 7-2-90	750,000	675,000	1.26
Industrial Acceptance Corporation, Limited Series 31 Secured Notes 5¾ % 3-1-85	500,000	440,000	.82
The Metropolitan Corporation of Greater Winnipeg 5% S.F. Debs. 5-1-72	1,200,000	1,110,000	2.07



OTHER BONDS 2.29% (Continued)	Face Amount	Market Value	Portfolio Distribution Per $1,000
The Municipality of Metropolitan Toronto 5¼ % 3-1-85	$1,000,000	$ 930,000	$ 1.73
*Pacific Gas Transmission Company 5½ % Sub. Debs. 2-1-86	535,000	548,910	1.03
Triad Oil Co., Ltd. 4¾ % Notes 9-15-71	592,000	528,360	.98
Yonge-Delisle Developments Ltd. 6½ % 1st Mtge. Installment 10-1-92	1,958,100	1,958,100	3.68
		12,291,718	22.91
TOTAL BONDS		$ 38,141,821	$ 71.20
TOTAL INVESTMENTS		$526,276,714	—
CASH AND OTHER ASSETS (Net)		9,115,794	17.10
TOTAL NET ASSETS		$535,392,508	$1,000

*UNITED STATES AND OTHER FOREIGN INVESTMENTS—valued as follows:

Face Amount—*at their stated par value in United States Funds.*

Market Value—*converted at the selling exchange rate prevailing as at October 31, 1966.*

THE

Investors

GROUP

Shares of Investors Mutual of Canada Ltd. are distributed by Investors Syndicate Limited. The investment manager is The Investors Group which currently has in excess of $1,200,000,000 under its administration.

Subsidiaries and affiliates of The Investors Group include:

INVESTORS SYNDICATE LIMITED

Face amount savings certificates—which provide for the guaranteed accumulation of a specific sum of money over a stated period and may be purchased either by a series of payments over a period of years or a single, lump-sum investment.

INVESTORS TRUST COMPANY

A complete trust service, including personal and corporate trusteeships, estate planning, estate and agency administration, guaranteed investment certificates, and a complete pension service, including consultation, trusteeship, administration and investment management.

INVESTORS MUTUAL OF CANADA LTD.

A balanced mutual fund whose objectives stress income, protection of invested capital and long-term capital appreciation.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund emphasizing equity securities and whose principal objective is the long-term growth of invested capital.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the investing public the opportunity to share in the long-term growth potential of the foreign investment scene.

The Four Cornerstones for Sound Personal Money Management

The Investors Group believes that a well-balanced investment program consists of:

1 A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

2 ADEQUATE LIFE INSURANCE

For family or business protection in the event of premature death.

3 GUARANTEED DOLLARS

Provided by Investors Syndicate guaranteed investment certificates to assure the success-minded of a specific amount of money in a stated number of years for definite worthwhile purposes.

4 GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the country's economy, the mutual funds provide an excellent hedge against inflation.